

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 SP-02 L-02 H-02 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 TAR-01

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DEPT. PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC PREPARES FOR IMF INTERIM COMMITTEE MEETING

REF: A. EC BRUSSELS 3577 B. EC BRUSSELS 3437 C. ROME 6000

D. BONN 6314 E. EC BRUSSELS 01422

1. BEGIN SUMMARY: THE EC MONETARY COMMITTEE AND FINANCE COUNCIL WILL DEVOTE THEIR NEXT MEETINGS TO PREPARATION FOR THE IMF INTERIM COMMITTEE MEETING. CENTRAL BANK GOVERNORS WILL TAKE UP THE ISSUE FO GOLD. END SUMMARY.

2. AS REPORTED IN REF A, THE FINANCE COUNCIL DECIDED ON APRIL 21 TO DEVOTE MOST OF ITS MAY 20 MEETING TO ISSUES COMING UP AT THE IMF INTERIM COMMITTEE MEETING ON JUNE 11-12. THE MONETARY COMMITTEE WILL ALSO DEDICATE ITS NEXT MEETING TO THESE ISSUES WHEN IT MEETS IN DUBLIN ON MAY 12-13. THE UK HAD PROPOSED TO THE FINANCE MINISTERS THAT THEY MEET INFORMALLY TO COORDINATE AND HOPEFULLY AGREE ON A JOINT PROPOSAL BEFORE THE IMF MEETING.

THIS MEETING WOULD BE SIMILAR TO THE ONE HELD IN LONDON

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BEFORE THE LAST INTERIM COMMITTEE SESSION. THE MINISTERS

AGREED TO CONSIDER THIS PROPOSAL AT THEIR MAY 20 MEETING  
BUT PERMREP OFFICIALS SAY THAT SUCH A MEETING WILL  
PROBABLY NOT BE NECESSARY.

3. THE FINANCE MINISTERS AGREED TO ASK THE NEXT MEETING  
OF THE BIS BANKERS' COMMITTEE AT BASEL TO TAKE UP AGAIN  
THE ISSUE OF BUYING AND SELLING GOLD. SOME OFFICIALS  
INTERPRET THIS DECISION AS A WEAKENING IN THE FRENCH  
RESOLVE TO BLOCK THE ACTION ON THE CENTRAL BANKERS' INTERIM  
REPORT ON GOLD (REF E). PREVIOUSLY THE FRENCH HAD  
RESISTED TAKING THIS ISSUE UP WITH NON-EC CENTRAL BANKERS.  
KEY OFFICIALS HERE, HOWEVER, SAY THAT THE GOF REMAINS  
OPPOSED TO THE EC CENTRAL BANKERS' REPORT.

4. AFTER THE MONETARY COMMITTEE'S AGREEMENT ON A  
PROPOSED ALLOCATION OF IMF QUOTAS (REF B), FRANCE HAS  
ENTERED A RESERVATION REGARDING ITS PROPOSED NEW QUOTA  
SHARE OF 5.06 PERCENT. FRANCE WANTS ASSURANCE THAT ITS  
SHARE WOULD NOT BE REDUCED BELOW 5 PERCENT IN SUBSEQUENT  
NEGOTIATIONS.

5. COMMISSION OFFICIALS SAY THE EC'S MAIN CONCERN OVER  
QUOTA ALLOCATIONS IS TO AVOID LOSING A MEMBER-STATE SEAT  
ON THE IMF BOARD. THE EC-PROPOSED ALLOCATION ALREADY  
PLACES ONE OF THE SEATS HELD BY THE NETHERLANDS OR  
BELGIUM IN JEOPARDY. ON THE OTHER HAND, THE UK'S  
PROPOSED SHARE OF 7.96 PERCENT IS MORE THAN ENOUGH TO  
GUARANTEE IT A SEAT. COMMISSION OFFICIALS BELIEVE THAT  
THE UK'S QUOTA SHOULD NOT EXCEED THAT OF THE FRG'S,  
WHICH THE EC HAD PROPOSED SETTING AT 5.97 PERCENT.  
THUS, A POSSIBLE US/EC COMPROMISE MIGHT BE TO REDUCE THE  
UK'S SHARE AND RAISE THE US' BY A CORRESPONDING AMOUNT.  
THIS WOULD ENABLE THE US TO KEEP ITS QUOTA ABOVE  
20 PERCENT.

6. COMMENT: COMMISSION OFFICIALS BELIEVE REACHING A  
COMPROMISE ON QUOTA ALLOCATIONS IS NOW PRIMARILY A  
BILATERAL ISSUE BETWEEN THE US AND THE UK. SHOULD THE  
G-10 DEPUTIES AS A GROUP ATTEMPT TO NEGOTIATE A  
COMPROMISE, OFFICIALS HERE ARE FEARFUL THAT THE DISCUSSION  
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WILL BOG DOWN. END COMMENT. MYERSON

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## Message Attributes

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